Dipaleseng Local Municipality

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

General Information

Legal form of entity	Local Municipality (MP 306)
Demarcation code	MP 306
Members of the Council	
Executive Mayor	Cllr. N.S Nhlapo
Speaker	Cllr. P.R. Thenjekwayo
Chief whip	Cllr. T.J. Mahlangu
Municipal Mayoral Committee Members	Cllr. M.D. Khanye
	Cllr. M. Tsotetsi
Party Representatives	Cllr. W.S. Davel
	Cllr. M.D. Khanye
	Cllr. A.S. Motloung
	Cllr. D.G. Zwane
	Cllr. N. Zwane
Ward Councillors	Cllr. J.R. Hall
	Cllr. T.J. Mahlangu
	Cllr. M.L. Makhubo
	Cllr. N.S Nhlapo
	Cllr. D.S. Sithole
	Cllr. M. Tsotetsi
Municipal Manager	Mr. D.V. Ngcobo
Chief Financial Officer	Mrs A. Ngema
Grading of Local Authority	Low capacity municipality
Nature of business and principal activities	Local government institution in the Gert Sibande District, Mpumalanga
Auditors	Auditor-General - South Africa
Bankers	First National Bank of South Africa
Legal Advisors	Ramathe M J Attorneys TMN Kgomo & Associates S.O. Radebe Attorneys
Currency	South African Rand
Rounding off	Nearest rand
Registered Office:	Cnr of Johnny Mokoena Drive and Themba Shozi Street Balfour Mpumalanga 2410
Postal address:	P. O. Box 1005 Balfour Mpumalanga 2410
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Abbreviations

ASB	Accounting Standards Board
COID	Compensation of Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
D.W.A	Department of Water Affairs
DBSA	Development Bank of South Africa
EPWPIG	Expanded Public Works Programme Incentive Grant
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
INEP	Integrated National Electrification Programme
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LG SETA	Local Government Sector Education Training Programme
MEC	Member of Executive Council
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WCA	Workman's Compensation Act

Accounting Officer's Responsibilities' and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the year ended 30 June 2014 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 53, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013

D.V. Ngcobo
Accounting Officer
Balfour
31 August 2013

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2013.

1 Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 42,792,123 (2012: deficit R 27,243,344).

2 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3 Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4 Non-current assets

Please refer to note 7, 8, 9 and 10 for details of non-current assets.

5 Accounting Officer

The accounting officer of the municipality at year end was Mr. D.V. Ngcobo.

6 Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the on-going development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the Code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Audit and risk committee

During the current financial year the chairperson of the audit committee was Mr. C. Ngcobo who is an independent audit committee member.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. Dipaleseng Local Municipality was unable to appoint the independent member as required by the Municipal Finance Management Act 166 section 4 during the year under review.

Internal audit

The municipality has outsourced its internal audit function to Sizwe Ntsaluba Gobodo who succeeded DLM internal audit who was the municipality's previous internal auditors. This is in compliance with the Municipal Finance Management Act, 2003.

7 Bankers

First National Bank Limited will continue to provide financial services to the municipality.

8 Auditors

Auditor General of South Africa will continue in office for the next financial year.

Statement of Financial Position

Figures to the nearest R1	Notes	2013	Restated 2012
Assets			
Current assets			
Cash and cash equivalents	3	17 423 809	3 427 002
Trade receivables	4	7 013 066	20 091 291
Other receivables	5	-	885 441
Inventories	6	159 980	26 815
Total Current Assets		**24 596 855**	**24 430 549**
Non-current assets			
Intangible assets	7	350 074	350 074
Other financial assets	8	216 815	1 155 280
Investment property	9	5 587 666	5 869 037
Property, plant and equipment	10	294 698 559	310 664 466
Total Non-Current Assets		**300 853 115**	**318 038 857**
Total Assets		**325 449 970**	**342 469 406**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	11	40 551 562	30 721 979
Consumer deposits	12	1 384 063	1 341 995
VAT Payable	13	13 597 791	9 121 631
Unspent conditional grants and receipts	14	17 196 642	5 938 964
Total Current Liabilities		**72 730 057**	**47 124 568**
Non-current liabilities			
Provisions	15	6 974 882	6 488 927
Retirement benefit obligation	16	6 338 849	5 543 740
Total Non-Current Liabilities		**13 313 731**	**12 032 667**
Total liabilities		**86 043 788**	**59 157 235**
Net assets		**239 406 182**	**283 312 172**
Net assets			
Accumulated surplus / (deficit)		239 406 182	283 312 172
Net assets		**239 406 182**	**283 312 172**

Statement of Financial Performance

Figures to the nearest R1	Notes	2013	Restated 2012
Revenue			
Revenue from exchange transactions			
Service charges	17	70 679 342	70 973 317
Rental of facilities and equipment	18	211 320	214 785
Investment revenue	19	14 173 477	2 555 552
Revenue from non-exchange transactions			
Property rates	20	13 393 495	9 540 708
Fines		205 495	311 650
Grant received from DBSA		-	8 890 496
Licences and permits		2 494 405	2 150 675
Government grants and subsidies	21	57 916 322	64 569 404
Other income	22	5 008 861	2 064 596
Total revenue		**164 082 718**	**161 271 183**
Expenses			
Employee related costs	23	33 639 395	34 802 141
Remuneration of councillors	24	4 161 594	3 846 640
Depreciation and amortisation expense	25	28 677 845	28 919 146
Repairs and maintenance		4 528 911	8 417 110
Finance costs	26	1 038 889	685 118
Debt impairment	27	71 149 297	42 951 358
Grants and subsidies paid	28	763 124	1 705 719
Bulk purchases	29	37 895 533	39 442 095
General expenses	30	25 020 253	27 745 201
Total expenses		**206 874 841**	**188 514 528**
Surplus / (deficit) for the period		**(42 792 123)**	**(27 243 344)**

Statement of Changes in Net Assets

Figures to the nearest R1		Notes	Accumulated Surplus	Total Net Assets
Balance as at 30 June	**2011**		**302 293 544**	**302 293 544**
Changes in net assets				
Correction of prior year error		**33**	8 261 972	8 261 972
Restated deficit for the year			(27 243 344)	(27 243 344)
Restated balance as at 30 June	**2012**		**283 312 172**	**283 312 172**
Changes in net assets				
Deficit for the year			(42 792 123)	(42 792 123)
Balance as at 30 June	**2013**		**240 520 049**	**240 520 049**

Cash Flow Statement

Figures to the nearest R1	Notes	2013	Restated 2012
Cash flows from operating activities			
Receipts			
Sale of goods and services		26 887 206	38 973 417
Grants		69 174 000	79 398 863
Interest income		14 173 477	2 555 552
Other receipts		7 920 082	4 741 706
		118 154 765	125 669 538
Payments			
Employee costs		(36 519 925)	(38 930 783)
Suppliers		(54 205 730)	(62 148 786)
Finance costs		(1 038 889)	(685 118)
		(91 764 543)	(101 764 687)
Net cash flows from operating activities	**31**	**26 390 221**	**23 904 851**
Cash flows from investing activities			
Purchase of fixed assets (PPE)	**10**	(13 331 880)	(21 742 867)
Movement in other financial assets		938 465	-
Net cash flows from investing activities		**(12 393 415)**	**(21 742 867)**
Net increase / (decrease) in net cash and cash equivalents		13 996 806	2 161 984
Net cash and cash equivalents at beginning of period		3 427 003	1 265 019
Net cash and cash equivalents at end of period	**32**	**17 423 809**	**3 427 003**

Statement of Comparison Between Budget and Actual

Figures to the nearest R1	Notes	Approved Budget	Adjustments	Final Budget	Actual amounts on a comparable basis	Difference between final budget and actual	Percentage difference	Refer to NOTE 43
Revenue								
Revenue from exchange transactions								
Service charges	17	88 992 778	(21 054 326)	67 938 452	70 679 342	2 740 890	4%	
Rental of facilities and equipment	18	172 024	(6 960)	165 064	211 320	46 256	28%	
Investment revenue	19	5 210 228	(5 180 000)	30 228	14 173 477	14 143 249	46788%	
Revenue from non-exchange transactions								
Property rates	20	10 591 599	-	10 591 599	13 393 495	2 801 896	26%	
Fines		280 063	(80 000)	200 063	205 495	5 432	3%	
Licences and permits		1 356 184	717 000	2 073 184	2 494 405	421 222	20%	
Government grants and subsidies	21	48 392 550	-	48 392 550	57 916 322	9 523 772	20%	
Other income	22	1 725 000	(604 000)	1 121 000	5 008 861	3 887 861	347%	**43.1**
Total revenue		**156 720 426**	**(26 208 286)**	**130 512 140**	**164 082 718**	**33 570 578**		
Expenses								
Employee related costs	23	41 665 600	(9 117 414)	32 548 186	33 639 395	(1 091 209)	-3%	
Remuneration of councillors	24	3 450 537	452 000	3 902 537	4 161 594	(259 057)	-7%	
Depreciation and amortisation expense	25	5 000 000	24 400 000	29 400 000	28 677 845	722 155	2%	
Repairs and maintenance		10 481 000	(3 695 000)	6 786 000	4 528 911	2 257 089	33%	
Finance costs	26	232 994	39 000	271 994	1 038 889	(766 894)	-282%	**43.2**
Debt impairment	27	12 161 306	18 927 000	31 088 306	71 149 297	(40 060 992)	-129%	**43.3**
Grants and subsidies paid	28	-	14 937 099	14 937 099	763 124	14 173 975	95%	
Bulk purchases	29	48 221 500	622 542	48 844 042	37 895 533	10 948 509	22%	
General expenses	30	33 739 000	7 272 315	41 011 315	25 020 253	15 991 062	39%	
Total expenses		**154 951 936**	**53 837 542**	**208 789 478**	**206 874 841**	**1 914 637**		
Surplus / (deficit) for the period		**1 768 489**	**(80 045 828)**	**(78 277 339)**	**(42 792 123)**	**35 485 215**		

1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the fair value assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment (Continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	0 - 100 years
Plant and machinery	5 - 12 years
Furniture and fixtures	2 - 7 years
Motor vehicles	5 - 12 years
Office equipment	2 - 7 years
IT equipment	1 - 3 years
Computer software	1 - 3 years
Infrastructure	0 - 100 years
Community	0 - 100 years
Other property, plant and equipment	5 - 12 years
Specialised vehicles	5 - 7 years
Tools and loose gear	3 - 5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment (Continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Average useful life
Buildings	0 - 30 years

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to point (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software	3 years
Servitudes	Indefinite

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

Classification	Class
Consumer debtors	Financial asset measured at amortised cost
Trade debtors	Financial asset measured at amortised cost
Other financial asset (Deposit)	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Consumer deposits	Financial asset measured at amortised cost
Trade and other payables from exchange transactions	Financial asset measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or

Accounting Policies

- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

Accounting Policies

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Financial liabilities

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Impairment of cash-generating assets (Continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

Impairment of cash-generating assets (Continued)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

Impairment of cash-generating assets (Continued)

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the on-going activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange-revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly based.

Interest is recognised on a time proportion basis, which takes into account the effective yield on the investment. An amount equalling the interest earned is transferred from the accumulated surplus to the Housing Development Fund, COID reserve, Self Insurance Reserve or the CCR in the Statement of Changes in Net Assets.

Rental income arising on investment properties, facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated to the fund concerned
- Interest earned on unutilized conditional grants is allocated to the creditor, if grant conditions indicate that interest is payable to the funder.

Dividends are recognised on the date that the entity's right to receive payment is established.

Revenue from the sales of goods is recognised when the risk and rewards of ownership is passed to the consumer.

Revenue arising from the sale of tickets / vouchers is only recognised when the entity's related obligation to perform has been extinguished.

Revenue from services rendered is recognised with reference to the stage of completion of the service being rendered when the outcome of the transaction can reliably estimated.

Revenue from exchange transactions (Continued)

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

1.13 Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Specific non-exchange-revenue sources

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the entity. Where public contributions have been received but the entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the entity

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.14 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the fair value amount and is exclusive of value added taxation.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.22 Presentation of currency

These annual financial statements are presented in South African Rand. All amounts are rounded to the nearest Rand.

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.24 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.25 Purchase of service

The municipality provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the statement of financial performance.

1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

1.29 Related parties transactions and balances

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person’s family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over
  - is a member of the

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others); one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

Related parties transactions and balances (Continued)

- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified above has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Related party relationships where control exists shall be disclosed, irrespective of whether there have been transactions between the related parties. An entity shall disclose the name of its controlling party and if different, the ultimate controlling party.

1.31 Commitments

If the municipality enters into any significant contractual commitments that will result in the outflow of financial sources after the balance sheet date, it must be disclosed in the notes to the annual financial statements as a non-adjusting event. Commitments include:

- Capital commitments (to acquire PPE, intangible assets and for the development or acquisition of biological assets)
- Lease commitments (for both finance and non-cancellable operating leases)
- Other financial commitments

The value of the planned outflow of financial resources shall be disclosed per category of commitment.

Figures to the nearest R1	2013	Restated 2012

3 Cash and cash equivalents

Cash and cash equivalents consists of the following:

	2013	Restated 2012
Bank balances	1 766 908	3 415 452
Short-term deposits	15 656 901	11 550
	17 423 809	**3 427 002**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The Municipality has the following bank accounts: -

Account number / description	Bank statement balances		
	30 June 2013	**30 June 2012**	**30 June 2011**
Current Accounts			
First National Bank - Cheque - 51590870208	1 084 226	3 154 825	130 819
First National Bank - Current Account - 62054655827	682 682	260 627	402 237
Call Accounts			
First National Bank - Call Account - 62073965554	-	-	8 527
First National Bank - Call Account - 62072243224	-	-	1 000
First National Bank - Call Account - 62077366758	-	-	1 000
First National Bank - Call Account - 62065196943	-	-	706 425
First National Bank - Call Account - 62054821080	-	-	2 081
First National Bank - Call Account - 62061551175	-	-	1 450
First National Bank - Call Account - 62033239783	15 656 901	11 550	11 114
Total	**17 423 809**	**3 427 002**	**1 264 653**

	Cash book balances		
	30 June 2013	**30 June 2012**	**30 June 2011**
Current Accounts			
First National Bank - Cheque - 51590870208	1 084 226	3 154 825	130 819
First National Bank - Current Account - 62054655827	682 682	260 627	402 237
Call Accounts			
First National Bank - Call Account - 62073965554	-	-	8 527
First National Bank - Call Account - 62072243224	-	-	1 000
First National Bank - Call Account - 62077366758	-	-	1 000
First National Bank - Call Account - 62065196943	-	-	706 425
First National Bank - Call Account - 62054821080	-	-	2 081
First National Bank - Call Account - 62061551175	-	-	1 450
First National Bank - Call Account - 62033239783	15 656 901	11 550	11 114
Total	**17 423 809**	**3 427 002**	**1 264 653**

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

4 Trade receivables

	2013	Restated 2012
Gross balances		
Rates	35 230 583	25 781 417
Electricity	25 854 969	14 232 882
Water	47 323 236	40 405 132
Sewerage	44 795 442	39 135 180
Refuse	28 212 518	22 252 186
Deposit	86 937	8 585
Other	59 682 681	55 159 382
	241 186 366	**196 974 764**
Less: Provision for debt impairment		
Rates	(34 613 109)	(23 787 273)
Electricity	(20 903 126)	(10 200 982)
Water	(46 744 673)	(31 685 174)
Sewerage	(44 520 902)	(36 510 144)
Refuse	(28 119 322)	(21 290 349)
Deposit	(81 669)	(8 585)
Other	(59 190 498)	(53 400 966)
	(234 173 300)	**(176 883 473)**
Net balances		
Rates	617 474	1 994 144
Electricity	4 951 842	4 031 900
Water	578 563	8 719 958
Sewerage	274 540	2 625 036
Refuse	93 197	961 837
Deposit	5 267	-
Other	492 183	1 758 416
	7 013 066	**20 091 291**
Total Trade and other receivables	**7 013 066**	**20 091 291**
Rates		
Current (0 – 30 days)	617 474	690 055
31 - 60 Days	-	650 015
61 - 90 Days	-	654 074
91 - 120 Days	-	-
+ 365 Days	-	-
	617 474	**1 994 144**
Electricity		
Current (0 – 30 days)	666 231	2 432 550
31 - 60 Days	1 067 336	646 123
61 - 90 Days	665 257	953 227
91 - 120 Days	2 553 018	-
121 - 365 Days	-	-
	4 951 842	**4 031 900**
Water		
Current (0 – 30 days)	213 461	958 317
31 - 60 Days	288 115	543 742
61 - 90 Days	76 988	7 217 899
91 - 120 Days	-	-
121 - 365 Days	-	-
	578 563	**8 719 958**

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012
Sewerage		
Current (0 – 30 days)	140 208	905 630
31 - 60 Days	134 331	589 653
61 - 90 Days	-	1 129 753
91 - 120 Days	-	-
121 - 365 Days	-	-
	274 540	**2 625 036**
Refuse		
Current (0 – 30 days)	93 197	332 553
31 - 60 Days	-	318 187
61 - 90 Days	-	311 097
91 - 120 Days	-	-
121 - 365 Days	-	-
	93 197	**961 837**
Deposit		
Current (0 – 30 days)	5 267	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121 - 365 Days	-	-
	5 267	**-**
Other		
Current (0 – 30 days)	492 183	296 419
31 - 60 Days	-	248 861
61 - 90 Days	-	1 213 136
91 - 120 Days	-	-
121 - 365 Days	-	-
	492 183	**1 758 416**

Reconciliation of the doubtful debt provision

	2013	Restated 2012
Balance at beginning of the year	(176 883 474)	(133 932 116)
Increase in provision (Refer to note 26)	(57 289 826)	(42 951 358)
Balance at end of the year	**(234 173 300)**	**(176 883 474)**

Consumer debtors impaired

As of 30 June 2013, consumer debtors of R 234,173,300 (2012: R 176,883,473) were impaired and provided for.

Figures to the nearest R1	2013	Restated 2012

5 Other receivables from non-exchange transactions

	2013	2012
Trade debtors	-	885 441
	-	**885 441**

6 Inventories

	2013	2012
Water and chemicals	159 980	26 815
	159 980	**26 815**

7 Intangible assets

2013	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value
Servitudes	350 074	-	350 074
	350 074	**-**	**350 074**

2012	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value
Servitudes	350 074	-	350 074
	350 074	**-**	**350 074**

8 Other financial assets

	2013	2012
Eskom deposit	216 815	1 155 280
	216 815	**1 155 280**

Held as Security

An amount of R 216,815 (2012: R1,155,280) is held as security by Eskom Holding SOL Limited.

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2013 and 2012, as all the financial assets were disposed of at their redemption date.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

Figures to the nearest R1	2013	Restated 2012

9 Investment Property

2013	Cost/ Valuation	Accumulated depreciation	Carrying value
Buildings	10 355 497	(4 767 830)	5 587 666
	10 355 497	**(4 767 830)**	**5 587 666**

2012	Cost/ Valuation	Accumulated depreciation	Carrying value
Buildings	10 355 497	(4 486 460)	5 869 037
	10 355 497	**(4 486 460)**	**5 869 037**

Reconciliation of Investment Property - 2013

	Opening balance	Depreciation	Closing balance
Buildings	5 869 037	(281 370)	5 587 666
	5 869 037	**(281 370)**	**5 587 666**

Reconciliation of Investment Property - 2012

	Opening balance	Depreciation	Closing balance
Buildings	6 163 984	(294 947)	5 869 037
	6 163 984	**(294 947)**	**5 869 037**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. The Municipality has measured the investment property using the cost model.

10 Property, plant and equipment

Figures to the nearest R1	2013			Restated 2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	47 103 601	(41 100 002)	6 003 599	47 103 601	(39 452 142)	7 651 460
Infrastructure	691 288 075	(457 809 056)	233 479 020	678 306 310	(437 993 466)	240 312 845
Community	64 813 924	(39 560 525)	25 253 399	64 813 924	(37 730 470)	27 083 454
Capital work in progress	22 229 842	-	22 229 842	26 109 039	-	26 109 039
Other property, plant and equipment	20 826 628	(13 093 928)	7 732 700	20 004 035	(10 496 366)	9 507 669
Total	**846 262 070**	**(551 563 511)**	**294 698 559**	**836 336 908**	**(525 672 445)**	**310 664 466**

Reconciliation of Property plant and equipment - 2013	Opening balance	Additions	WIP Capitalised	Derecognised Assets	Depreciation	Total
Land and buildings	7 651 460	-	-	-	(1 647 860)	6 003 599
Infrastructure	240 312 845	16 388 483	-	(901 312)	(22 320 999)	233 479 020
Community	27 083 454	-	-	-	(1 830 054)	25 253 399
Capital work in progress	26 109 039	8 494 113	(12 373 310)	-	-	22 229 842
Other property, plant and equipment	9 507 669	822 593	-	-	(2 597 562)	7 732 700
	310 664 466	**25 705 189**	**(12 373 310)**	**(901 312)**	**(28 396 475)**	**294 698 559**

Reconciliation of Property plant and equipment - 2012	Opening balance	Additions	WIP Capitalised	Derecognised Assets	Depreciation	Total
Land and buildings	9 689 082	-	-	-	(2 037 623)	7 651 460
Infrastructure	248 730 498	13 369 163	-	(51 569)	(21 735 247)	240 312 845
Community	29 050 412	-	-	-	(1 966 958)	27 083 454
Capital work in progress	17 965 937	8 143 102	-	-	-	26 109 039
Other property, plant and equipment	12 161 438	230 602	-	-	(2 884 371)	9 507 669
	317 597 367	**21 742 867**	**-**	**(51 569)**	**(28 624 199)**	**310 664 466**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

11 Trade and other payables from exchange transactions

	2013	2012
Trade payables	35 337 700	25 383 260
Accrued leave pay	4 664 810	4 570 426
13th cheque accrual	549 051	768 292
	40 551 562	**30 721 979**

12 Consumer deposits

	2013	2012
Deposits held on consumers	1 384 063	1 341 995
	1 384 063	**1 341 995**

13 Vat

	2013	2012
Vat Payable	13 597 791	9 121 631
	13 597 791	**9 121 631**

The Municipality is registered on the cash basis in terms of the Value Added Tax Act.

14 Unspent conditional grants and receipts

Unspent Conditional Grants from other spheres of Government

	2013	2012
Municipal Infrastructure Grant	16 641 793	4 889 105
Integrated National Electrification Programme	350 199	350 199
Department of Water Affairs	204 651	699 660
	17 196 642	**5 938 964**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 20 for reconciliation of grants from National/Provincial Government.

15 Provisions

Reconciliation of provisions - 2013	Opening balance	Contributions to provisions	Total
Provision for Long Service awards	974 722	177 159	1 151 881
Provision for Landfill sites	5 514 205	308 796	5 823 001
	6 488 927	**485 955**	**6 974 882**

Reconciliation of provisions - 2012	Opening balance	Contributions to provisions	Total
Provision for Long Service awards	830 548	144 174	974 722
Landfill sites	5 221 785	292 420	5 514 205
	6 052 333	**436 594**	**6 488 927**

Long service awards provision

The IAS19/GRAP25 Statement sets out the recognition, measurement and disclosure requirements in accounting for “defined benefit” plans. The Statement requires further that actuarial gains and losses and past service cost are to be recognised immediately for long-service employee benefits.

An actuarial valuation was performed by ARCH Consulting.

Figures to the nearest R1	2013	Restated 2012

16 Retirement benefit information

16.1 Defined contribution plan

The plan is a post employment medical benefit plan.

16.2 Post retirement medical aid plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. IAS19/GRAP25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.98% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2013. This rate does not reflect any adjustment for taxation.

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.91% has been assumed. This is 0.99% in excess of expected CPI inflation over the expected term of the liability, namely 6.41%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.99% which derives from (8.98%-7.91%)/1.0791.

The expected inflation assumption of 6.41% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (2.08%) and those of nominal bonds (8.98%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: (8.98%-0.50%-1.95%)/1.0195.

The next contribution increase was assumed to occur with effect from 1 January 2014.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-partially or wholly funded	**6 338 849**	**5 543 740**

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

The fair value of plan assets includes:

Net expense recognised in the statement of financial performance

	2013	2012
Current service cost	277 570	240 892
Interest cost	433 485	569 521
Curtailment or settlement	(177 732)	(159 079)
Actuarial (loss) / gain	261 787	(1 369 930)
Total included in employee related costs	**795 110**	**(718 596)**

Key assumptions used

Assumptions used at the reporting date:

	2013	2012
Discount rates used	8.98%	7.94%
Health care cost inflation rate	7.91%	7.01%

Discount Rate: IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.98% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2013. This rate does not reflect any adjustment for taxation.

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.91% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.41%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.99% which derives from (8.98%-7.91%)/1.0791.

The expected inflation assumption of 6.41% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (1.95%) and those of nominal bonds (8.98%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: (8.98%-0.50%-1.95%)/1.0195.

The next contribution increase was assumed to occur with effect from 1 January 2014.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed.

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

Revenue from exchange transactions

17 Service charges

Sale of electricity	38 936 219	31 318 025
Sale of water	13 604 016	24 050 423
Refuse removal	6 945 717	4 044 240
Sewerage and sanitation charges	11 193 391	11 560 629
	70 679 342	**70 973 317**

18 Rental of facilities and equipment

Rental of facilities	211 320	214 785
	211 320	**214 785**

19 Investment revenue

Interest charged on financial instruments	13 926 501	2 411 647
Bank	246 976	143 906
	14 173 477	**2 555 552**

Revenue from non-exchange transactions

20 Property rates

Residential	13 393 495	9 540 708

Valuations

Residential	737 134 188	737 134 188
Commercial	387 214 620	387 214 620
State	106 282 800	106 282 800
Municipal	74 968 514	74 968 514
Small holdings and farms	1 508 536 000	1 508 536 000
Religious places	13 780 003	13 780 003
	2 827 916 125	**2 827 916 125**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2010.

A general rate of R0.0055 (2012: R0.0055) is applied to property valuations to determine assessment rates. Rebates of 30% (2012: 30%) are granted to residential and state property owners.

The new general valuation will be implemented on 01 July 2013.

Figures to the nearest R1	2013	Restated 2012

21 Government grants and subsidies

	2013	2012
Equitable share	44 041 000	39 319 000
Municipal Infrastructure grant	9 938 313	12 991 895
Expanded Public Works Grant	967 000	2 708 728
Financial Management Grant	1 500 000	1 250 000
Municipal System improvement Grant	800 000	790 000
Department of water affairs	495 009	1 095 350
LG Seta	175 000	59 476
Gert Sibande Grant	-	5 172 154
Integrated National Electrification Programme	-	1 182 801
	57 916 322	**64 569 404**

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 90 (2012: R 90), which is funded from the grant.

21.2 MIG Grant

	2013	2012
Balance unspent at beginning of year	4 889 105	-
Current year receipts	21 691 000	17 881 000
Conditions met - transferred to revenue	(9 938 313)	(12 991 895)
Conditions still to be met - remain liabilities (see note 13)	**16 641 793**	**4 889 105**

21.3 Expanded Public Works Grant

	2013	2012
Balance unspent at beginning of year	-	-
Current year receipts	967 000	2 708 728
Conditions met - transferred to revenue	(967 000)	(2 708 728)
Conditions still to be met - remain liabilities (see note 13)	**-**	**-**

21.4 Financial Management Grant

	2013	2012
Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	1 250 000
Conditions met - transferred to revenue	(1 500 000)	(1 250 000)
Conditions still to be met - remain liabilities (see note 13)	**-**	**-**

21.5 Municipal System improvement Grant

	2013	2012
Balance unspent at beginning of year	-	-
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(800 000)	(790 000)
Conditions still to be met - remain liabilities (see note 13)	**-**	**-**

21.6 Department of Water Affairs

	2013	2012
Balance unspent at beginning of year	699 660	-
Current year receipts	-	1 795 010
Conditions met - transferred to revenue	(495 009)	(1 095 350)
Conditions still to be met - remain liabilities (see note 13)	**204 651**	**699 660**

Figures to the nearest R1	2013	Restated 2012

21.7 LG Seta

Balance unspent at beginning of year	-	-
Current year receipts	175 000	59 476
Conditions met - transferred to revenue	(175 000)	(59 476)
Conditions still to be met - remain liabilities (see note 13)	**-**	**-**

21.8 Gert Sibande Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	5 172 154
Conditions met - transferred to revenue	-	(5 172 154)
Conditions still to be met - remain liabilities (see note 13)	**-**	**-**

21.9 Integrated National Electrification Programme

Balance unspent at beginning of year	350 199	-
Current year receipts	-	1 533 000
Conditions met - transferred to revenue	-	(1 182 801)
Conditions still to be met - remain liabilities (see note 13)	**350 199**	**350 199**

21.10 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 Other income

Advertising businesses	896	152
Burial fees	142 916	119 628
Clearance certificates	232 422	233 921
Donations	4 194 325	10 000
Electricity meter testing	88	175
Escorting vehicles	132 870	43 544
Fines: Library	40 881	4 122
Insurance pay-out received	41 040	1 493 594
Photocopies	1 802	4 918
Reconnection fees	20 219	7 567
Refuse bins	3 965	1 807
Reservations	7 169	5 162
Searching fees	-	44
Tender documents	32 676	50 439
Tombstone erection	38 356	21 535
Town establishment	118 602	66 819
Trade licence fees	263	526
Valuation certificate	371	642
	5 008 861	**2 064 596**

Figures to the nearest R1		2013	Restated 2012
23	**Employee related costs**	**33 639 395**	**34 802 141**
	Employee related costs - Basic Salaries and Wages	21 265 398	20 907 136
	Acting allowance	149 095	272 899
	Bonus	1 238 302	1 808 298
	Group insurance	397 633	361 112
	Housing benefits and allowances	58 786	55 540
	Industrial council levy	12 124	8 762
	Leave pay	736 568	408 497
	Medical aid - company contributions	1 015 519	924 136
	Overtime payments	2 480 649	2 584 203
	Post employment benefits - Pension - Defined contribution plan	3 870 128	3 485 474
	SDL	274 379	247 420
	Standby	178 958	163 626
	Transport allowance	742 663	622 682
	UIF	209 482	96 951
	WCA	-	27 000
		32 629 682	**31 973 734**

Remuneration of the Municipal Manager

	2013	2012
Annual Remuneration	370 571	225 245
Travel, motor car, accommodation, subsistence and other allowances	98 837	188 282
	469 408	**413 527**

During the year, Mr J.B Maseko was Acting Municipal Manager until 30 November 2012 and was replaced by Mr. V.D. Ngcobo on 18 December 2012.

Remuneration of the Chief Finance Officer

	2013	2012
Annual Remuneration	56 500	371 710
Travel, motor car, accommodation, subsistence and other allowances	6 711	382 676
	63 211	**754 386**

For the first 11 months of the year there was no Chief Financial Officer. Mrs A. Ngema was appointed on 1 June 2013.

Remuneration of Individual Executive Directors

2013	**Technical services R**	**Corporate Services R**	**Community Services R**
Annual Remuneration	-	-	62 500
Travel, motor car, accommodation and other allowances	83 844	165 375	165 375
	83 844	**165 375**	**227 875**

During the year there were no Directors. Mr. I.V Madonsela was appointed Community services director 1 June 2013 and the other directors were appointed in July 2013.

2012	**Technical services R**	**Corporate Services R**	**Community Services R**
Annual Remuneration	195 236	389 274	388 424
Travel, motor car, accommodation and other allowances	363 525	222 673	101 361
	558 761	**611 947**	**489 785**

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

24 Remuneration of councillors

Mayor	650 010	522 616
Chief Whip	196 275	163 674
Speaker	508 235	436 531
Mayoral Committee Members	955 845	1 027 731
Councillors	1 851 229	1 696 088
	4 161 594	**3 846 640**

In-kind benefits

The Mayor has the use of a separate Council owned vehicle for official duties.

25 Depreciation and amortisation expense

Property, plant and equipment	28 396 475	28 624 199
Investment property	281 370	294 947
	28 677 845	**28 919 146**

26 Finance costs

Interest paid	1 038 889	685 118
	1 038 889	**685 118**

27 Debt impairment

Provision for bad debts	57 289 826	42 951 358
Interest in arrear accounts written off	13 859 471	-
	71 149 297	**42 951 358**

28 Grants and subsidies paid

Other subsidies		
Free basic services	763 124	1 705 719
	763 124	**1 705 719**

29 Bulk purchases

Electricity	36 203 913	38 325 398
Water	1 691 620	1 116 697
	37 895 533	**39 442 095**

Bulk purchases of water is water supplied by Eskom behalf of the Municipality to Grootvlei (ward 5) residents.

30 Distribution Losses

Electricity		
Percentage	**53%**	
Amount	**16 317 084**	
Water		
Percentage	**62%**	
Amount	**3 651 939**	

Figures to the nearest R1	2013	Restated 2012

30 General expenses

Included in general expenses are the following:-

Advertising	533 070	847 096
Audit fees	1 990 025	1 618 588
Bank charges	261 640	175 481
Chemicals	2 962 679	2 364 821
Cleaning	177 601	53 232
Community development and training	316 418	303 181
Consulting fees	5 985 650	8 729 224
Delegation costs	-	26 662
Derecognition loss	901 312	51 569
Entertainment	181 405	240 078
IT expenses	226 521	1 951 229
Insurance	1 052 575	979 540
Lease rentals on operating leases	677 079	607 158
Licence fees	747 751	56 283
Medical expenses	2 160	420
Meter reading costs	703 104	566 564
Motor vehicle expenses	1 969 471	2 579 457
Postage and courier	20 665	28 273
Protective clothing	96 534	81 451
Restoration costs	308 796	292 420
Security costs	3 978 910	3 276 955
Staff welfare	13 442	8 405
Subscription s and membership fess	5 314	4 966
Telephone cost	507 013	1 252 970
Training	440 640	567 443
Travel - Local	960 478	1 081 734
	25 020 253	**27 745 201**

31 Cash generated by operations

Surplus/(deficit) for the year	(42 792 123)	(27 243 344)
Adjustment for:-		
Depreciation and amortisation	28 677 845	28 919 146
Debt impairment	71 149 297	42 951 358
Derecognition costs	901 312	51 569
Movements in retirement benefits liability	795 109	(718 596)
Movements in provisions	485 955	436 594
Operating surplus before working capital changes:	**59 217 395**	**44 396 726**
(Increase)/decrease in inventories	(133 165)	(26 815)
(Increase)/decrease in trade receivables	(58 071 072)	(41 268 748)
(Increase)/decrease in other receivables	885 441	(271 861)
Increase/(decrease) in conditional grants and receipts	11 257 678	5 938 964
Increase/(decrease) in trade payables	8 715 716	15 446 513
Increase/(decrease) in consumer deposits	42 068	95 106
Increase/(decrease) in VAT payable	4 476 160	(405 034)
Cash generated by/(utilised in) operations	**26 390 221**	**23 904 851**

32 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	17 423 809	3 427 002
Net cash and cash equivalents (net of bank overdrafts)	**17 423 809**	**3 427 002**

Figures to the nearest R1	2013	Restated 2012

33 Correction of prior year error

Significant restatement was required to ensure the municipality is applying the Standards of GRAP correctly. The following errors occurred and account balances have been restated:

1. Government Grants and subsidies were understated as receipts were not allocated to Grants.
2. Depreciciation changed due to differences between the fixed asset register and general ledger.
2. Repairs and maintenance were understated as amount spent was netted to Grants received.
3. Bulk purchases were understated due to bulk purchases invoices of water not accounted for.
4. General expenses were understated by accounting system capitalises and loss on derecognition of assets.
5. Property plant and equipment included investement property which was disclosed separately with a carrying amount of R 5,869,037 and there were variances between the asset register and the general ledger
6. Investment property had been included in property, plant and equipment.
7. The municipality had capitalised Munsoft accounting system instead of expensing it.
8. Trade payables were understated due to Grant receipts included in unallocated receipts and bulk purchases invoices not accounted for, and long outstanding retentions and third party creditors.
9. Vat payable was overstated due to bulk purchases invoices not accounted for.
10. Unspent conditional grants was understated due to receipts received not being allocated correctly.
11. Accumulated surplus was overstated due to bulk purchases of water invoices not being accounted for.

The comparative amounts has been restated as follows:

	Audited amount	Restated amount	Effect of restatement
Statement of financial performance			
Government grants and subsidies	63 474 054	64 569 404	1 095 350
Depreciation and amortisation expense	28 449 895	28 919 146	(469 251)
Repairs and maintenance	7 321 760	8 417 110	(1 095 350)
Bulk purchases	38 355 608	39 442 095	(1 086 487)
General expenses	25 709 161	27 745 201	(2 036 040)
Net effect on surplus/(deficit) for the year			(3 591 778)
Statement of financial position			
Property, plant and equipment	314 440 967	310 664 466	3 776 500
Investment property	-	5 869 037	(5 869 037)
Intangible assets	2 041 367	350 074	1 691 293
Trade and other payables from exchange transactions	40 899 337	30 721 979	(10 177 358)
VAT Payable	9 387 328	9 121 631	(265 697)
Unspent conditional grants and receipts	5 279 064	5 938 964	659 900
Provisions	974 722	6 488 927	5 514 205
Accumulated surplus / (deficit)	278 641 978	283 312 172	4 670 194
Net effect on Statement of Financial Position			-
Net effect on Accumulated surplus opening balance			8 261 972

Figures to the nearest R1	2013	Restated 2012

34 Unauthorised, irregular, fruitless and wasteful expenditure

34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	51 800 864	21 125 545
Unauthorised expenditure current year	47 136 507	56 800 864
Approved by Council or condoned	(13 859 471)	(26 125 545)
Unauthorised expenditure awaiting authorisation	**85 077 900**	**51 800 864**

34.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	615 222	-
Fruitless and wasteful expenditure current year	939 410	615 222
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	**1 554 632**	**615 222**

The fruitless and wasteful expenditure for the current and prior year relates to interest charged on late payments to Eskom and SARS.

34.3 Irregular expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under reveal were not revealed.

Reconciliation of irregular expenditure

Opening balance	8 583 449	6 138 165
Irregular expenditure current year	8 423 759	8 583 449
Irregular unsolicitated bids	396 112	-
Condoned or written off by Council	-	(6 138 165)
Irregular expenditure awaiting condonement	**17 403 320**	**8 583 449**

An amount of R 16,391,081 relates to deviations from SCM procedures.

35 Additional disclosures in terms of municipal finance management act

35.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	463 015	235 737
Amount paid - current	(463 015)	(235 737)
Balance unpaid (included in payables)	**-**	**-**

35.2 Audit fees

Opening balance	39 185	-
Current year audit fee	1 990 025	1 618 588
Amount paid - current year	(2 029 210)	(1 579 403)
Balance unpaid (included in payables)	**-**	**39 185**

Figures to the nearest R1	2013	Restated 2012

35.3 VAT

VAT input receivables and VAT output payables are shown in note 12. All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE and UIF

Opening balance	596 076	-
Current year payroll deductions	3 578 116	4 221 194
Amount paid - current year	(2 665 956)	(3 625 118)
Balance unpaid (included in payables)	**1 508 235**	**596 076**

35.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	3 652 262	4 409 609
Amount paid - current year	(3 652 262)	(4 409 609)
Balance unpaid (included in payables)	**-**	**-**

35.6 Councillor's arrear consumer accounts

There were no Councillors with arrear accounts outstanding for more than 90 days as at: 30 June 2013	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
As at 30 June 2013			
N.S. Nhlapho	91	91	-
M.D. Khanye	1 349	675	675
P.R. Thenjekwayo	199	199	-
D.G. Zwane	4 958	1 490	3 468
T.A. Motloung	2 188	165	2 023
Total Councillor Arrear Consumer Accounts	**8 785**	**2 619**	**6 166**
As at 30 June 2012			
J.R. Hall	8 118	619	7 499
N.S. Nhlapho	492	492	-
M.D. Khanye	502	327	175
M. Tsotetsi	716	258	458
D.G. Zwane	7 632	1 964	5 668
T. Mahlangu	15 743	471	15 272
M. Makhubo	42 105	1 719	40 386
S. Sithole	20 173	1 385	18 788
T.A. Motloung	20 704	471	20 233
P.R. Thenjekwayo	358	358	-
Total Councillor Arrear Consumer Accounts	**116 543**	**8 064**	**108 479**

Figures to the nearest R1	2013	Restated 2012

During the year there were some Councillors with arrear accounts outstanding for more than 90 days.	**Highest Amount Outstanding**	**Ageing Days**
As at 30 June 2013		
D.G. Zwane	4 958	More than 90
T.A. Motloung	2 188	More than 90
M.D. Khanye	1 349	More than 90
P.R. Thenjekwayo	199	More than 90
N.S. Nhlapho	91	More than 90
As at 30 June 2012		
M. Makhubo	42 105	More than 90
T.A. Motloung	20 704	More than 90
S. Sithole	20 173	More than 90
T. Mahlangu	15 743	More than 90
J.R. Hall	8 118	More than 90
D.G. Zwane	7 632	More than 90
M. Tsotetsi	716	More than 90
M.D. Khanye	502	More than 90
N.S. Nhlapho	492	More than 90
P.R. Thenjekwayo	358	More than 90

35.7 Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

A detailed register are kept at the municipal offices of all deviatons incurred during the financial year.

36 Commitments

36.1 Commitments in respect of capital expenditure

Awarded tenders for projects still in progress

	2013	2012
• Property, plant and equipment	**9 853 976**	**42 970 000**

Figures to the nearest R1	2013	Restated 2012

36.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee (Expense)

Minimum lease payments due		
Within one year	175 946	170 524
In the second to fifth year inclusive	182 902	13 428
	358 848	**183 952**

The total future minimum sublease payment expected to be received under noncancellable sublease	358 848	183 952

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating leases - lessor (Income)

Minimum lease payments due

Within one year	166 000	166 000

The Municipality has no long term contracts with their lesee's. All contracts are on a month to month basis.

37 Contingent liabilities

Plaintiff	**Possible cost**
37.1 Eskom	
Case number 12621/11 was opened for the collection of the outstanding amount of R 5,135,521.	5 135 521
37.2 Takitsi trading	
Case number 37099/12 was opened for the collection of the oustanding amount of R2,819,733 accruing interest at 15.5%.	2 819 733
37.3 Noliqwa Sarah Nhlapo and Joseph Lucks Mafokeng	
Case number 36/2012 reffering to the vehicle collision between the stated parties. The amount claimed is R38,000.	38 000
37.4 Department of Water and Forestry	
The municipality is in disagreement with Department of Water Affairs and Forestry. The municipality is not the W.S.P. however is being billed on a monthly basis. The dispute has not yet been settled. The amount due to D.W.A.F. is R16,936,479. The municipality will attend to this matter in the next financial year.	16 936 479

Notes to the Annual Financial Statements

Figures to the nearest R1	2013	Restated 2012

37.5 Other Cases

Plaintiff	Possible cost
Eskom soc	200 000
Ixia farming	250 000
D A Dlamini	50 000
Aaron Msibi	150 000
Balfour brokers	400 000
Illegal taxi rank	200 000

37.6 Wage curves

In 2010, SALGA signed a wage curve agreement with the South African Municipal Workers Union and Independent Municipal and Allied trade union. Dipaleseng Municipality has not yet implemented the wage curve agreement thus leading to a contigent liability at year end as we are not certain of the amount to be paid.

38 In-kind donations and assistance

There were no donations in kind received by the Municipality

39 Related parties

Relationships

A detailed register of parties related to members of the municipality is available for inspection at the office of the Municipal Manager.	No transactions occurred with any of these parties during the period under review
Members of the municipality	See information details on cover page for details of councillors

40 Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2013.

Figures to the nearest R1	2013	Restated 2012

41 Risk management

41.1 Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 10, and cash and cash equivalents in note 3, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the municipality may adjust the amount of dividends paid to member, return capital to member, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the municipality monitors capital on the basis of the debt: equity ratio.

This ration is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

The municipality's strategy is to maintain a debt: equity ratio of between 2 to 1

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an on-going review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

Figures to the nearest R1	2013	Restated 2012

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

42 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43 Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in the Statement of comparison between actual and budget on page 10.

The major variance resulted due to an increase in the provision for bad debts that was not foreseen.

43.1 Other income

The increase is as a result of the donation made from the District Municipality

43.2 Finance costs

Due to higher interst charged by eskom for late payments

43.3 Debt impairment

This was due to interest on arrear accounts written off.

Appendix A - Disclosure of Grants and Subsidies in terms of section 123 MFMA, 56 of 2003

Name of Grants	Quartely Receipt				Quarterly Expenditure				Grant and Subsidies delays withheld				Reasons for delay or withholding funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division Act of Revenue Yes /No	Reason non - compliance
	September	December	March	June	September	December	March	June	September	December	March	June			
Financial	R 1 500 000.00							R 1 500 000.00	0	0	0	0		Yes	
Municipal Systems Improvement	R 800 000.00							800 000.00	0	0	0	0		Yes	
Municipal	R 3 000 000.00	R 9 345 000.00	R 9 346 000.00		3 719 566.03	3 759 908.90	741 022.64	1 717 814.96	0	0	0	0		Yes	
Equitable Share	R 18 350 000.00	R 14 680 000.00	R 11 011 000.00		R 18 350 000.00	R 14 680 000.00	R 11 011 000.00		0	0	0	0		Yes	
Expanded Public Works Programme	R 620 000.00	R 57 000.00			-	105 100.20	3 380.00	858 519.80	0	0	0	0		Yes	
LG Seta			R 175 000.00				R 105 000.00	R 70 000.00	0	0	0	0		Yes	
	R 24 270 000.00	R 24 082 000.00	R 20 532 000.00	R 0.00	R 22 069 566.03	R 18 545 009.10	R 11 860 402.64	R 4 946 334.76	R 0.00	R 0.00	R 0.00	R 0.00			

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT INCLUDING INVESTMENT PROPERTIES AS AT 30 JUNE 2013

			Cost/ Revaluation											Accumulated depreciation						
Assetcategory	**Assetsubcategory**	**Assetgroup**	**Opening balance (Completed assets)**	**Opening balance (WIP)**	**Additions 2012**	**WIP additions**	**Transferred from WIP account to repair&maintenance**	**Capitalised from WIP account**	**Disposals 2012**	**Transfers**	**Revaluations**	**Other changes, movements**	**Closing balance**	**Opening balance**	**Disposals**	**Transfers**	**Annual depreciation**	**Impairment loss**	**Closing balance**	**Carrying value**
Building property	Housing	Social housing	16 457 254.32										16 457 254.32	13 548 388.50			437 943.23		13 986 331.73	2 470 922.59
	Operational buildings	Fire / ambulance stations	5 725 413.35										5 725 413.35	3 309 994.11			330 811.39		3 640 805.49	2 084 607.85
		Municipal offices	24 848 472.79										24 848 472.79	18 949 486.93			877 162.39		19 826 649.32	5 021 823.46
		Pay points	481 592.94										481 592.94	386 685.40			9 946.57		396 631.96	84 960.98
		Stores	2 463 299.34										2 463 299.34	2 014 314.56			63 897.74		2 078 212.30	385 087.04
		Testing stations	3 858 384.05										3 858 384.05	2 644 115.20			114 180.69		2 758 295.89	1 100 088.16
		Workshops	3 624 681.29										3 624 681.29	3 085 617.90			95 288.21		3 180 906.11	443 775.18
	WIP - Building			992 002.85		9 393.52	-179 148.33						822 248.04							822 248.04
Community assets	Community facilities	Care centres	10 355 496.66										10 355 496.66	4 486 459.98			281 370.44		4 767 830.42	5 587 666.24
		Cemeteries	5 720 330.89										5 720 330.89	2 823 642.62			174 660.72		2 998 303.34	2 722 027.55
		Centres	5 741 620.87										5 741 620.87	2 520 110.23			156 091.62		2 676 201.85	3 065 419.02
		Halls	23 791 608.15										23 791 608.15	14 531 495.26			670 375.83		15 201 871.09	8 589 737.06
		Led facilities	705 761.87										705 761.87	129 232.15			21 044.48		150 276.63	555 485.24
		Libraries	5 985 931.28										5 985 931.28	4 572 203.24			161 930.02		4 734 133.26	1 251 798.02
		Parks	318 014.09										318 014.09	116 196.93			6 219.00		122 415.93	195 598.16
		Refuse sites	173 532.60										173 532.60	64 298.01			7 560.68		71 858.69	101 673.91
		Taxi ranks	3 021 817.56										3 021 817.56	1 156 186.02			108 546.90		1 264 732.92	1 757 084.64
	WIP - Cemetery			2 120 044.78									2 120 044.78							2 120 044.78
	WIP - Taxi Ranks			159 643.00									159 643.00							159 643.00
	WIP - Landfill site					408 547.83							408 547.83							408 547.83
	Sport and recreation facilities	Outdoor facilities	9 320 572.82										9 320 572.82	7 331 128.18			249 044.67		7 580 172.85	1 740 399.97
Infrastructure assets	Electricity network	LV network (<=1kv)	49 571 386.17										49 571 386.17	36 834 560.62			1 073 723.51		37 908 284.14	11 663 102.03
		Mv network (<=33kv)	61 067 366.92										61 067 366.92	50 024 186.39			1 380 247.19		51 404 433.58	9 662 933.34
	Roads and stormwater	Roads	195 130 387.99		13 681 002.61				-3 406 720.77				205 404 669.83	119 202 931.56	2 505 408.72		9 911 150.65		126 608 673.48	78 795 996.34
		Road furniture	15 353 549.26		2 949.63								15 356 498.89	6 751 391.41			413 054.68		7 164 446.09	8 192 052.80
		Stormwater	30 591 484.32		2 510 208.93				-				33 101 693.25	16 567 762.95	-		1 225 353.06		17 793 116.02	15 308 577.23
	Sanitation network	Outfall sewers	22 986 421.53										22 986 421.53	14 941 173.99			323 947.99		15 265 121.99	7 721 299.54
		Pump stations	743 266.07										743 266.07	520 636.34			33 282.03		553 918.37	189 347.70
		Reticulation	78 548 955.69		97 965.51								78 646 921.20	47 006 478.82			1 078 793.53		48 085 272.35	30 561 648.85
		Waste water treatment works (wwtw)	25 529 649.93										25 529 649.93	17 108 035.02			834 911.72		17 942 946.75	7 586 703.18
	Water supply network	Pump Station	10 508 622.04		96 359.51				-				10 604 981.56	6 536 579.01	-		369 323.60		6 905 902.61	3 699 078.94
		Boreholes	1 349 508.93										1 349 508.93	219 973.74			53 288.35		273 262.10	1 076 246.84
		Bulk mains	78 304 330.99										78 304 330.99	50 897 815.14			1 903 039.01		52 800 854.15	25 503 476.84
		Distribution	66 544 980.58										66 544 980.58	44 424 831.69			2 514 873.26		46 939 704.95	19 605 275.62
		Reservoirs	28 578 159.09										28 578 159.09	18 976 870.84			731 700.60		19 708 571.44	8 869 587.65
		Water treatment works (wtw)	13 177 477.68										13 177 477.68	7 979 755.02			467 519.62		8 447 274.64	4 730 203.04
		WIP - Electricity		1 274 790.66		3 972 826.10							5 247 616.76							5 247 616.76
		WIP - Roads		15 044 386.79		3 692 104.16		-12 194 161.17					6 542 329.78							6 542 329.78
		WIP - Sanitation		6 195 557.10		411 241.02							6 606 798.12							6 606 798.12
		WIP - Other		322 613.22									322 613.22							322 613.22
Intangible assets	Servitudes	Electricity servitudes	41 327.77										41 327.77	-			-		-	41 327.77
		Sanitation servitudes	63 138.00										63 138.00	-			-		-	63 138.00
		Water servitudes	245 608.35										245 608.35	-			-		-	245 608.35
			800 929 406.15		**16 388 486.19**				**-3 406 720.77**	**-**	**-**	**-**	**836 141 013.10**	**519 662 537.79**	**2 505 408.72**	**-**	**26 080 283.38**	**-**	**543 237 412.44**	**292 903 600.66**

Appendix B - ANALYSIS OF MOVABLE PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

			Cost				Accumulated depreciation				
Building	**Asset Sub Category**	**Asset Group/Facility**	**Restated Opening balance**	**Additions**	**Derecognitions**	**Closing balance**	**Restated Opening balance**	**Annual depreciation**	**Accumulated Depreciation of Derecognition**	**Closing balance**	**Sum of Book Value 2013**
Community Hall	Furniture and Fittings	Chair	9 698.00			9 698.00	4 847.10	1 385.43		6 232.53	3 465.47
		Stand	8 985.00			8 985.00	4 490.74	1 283.57		5 774.31	3 210.69
		Table	4 367.00			4 367.00	2 182.65	623.86		2 806.50	1 560.50
	Office Equipment	Computer Equipment	31 694.22			31 694.22	13 823.21	6 338.84		20 162.05	11 532.17
		Office Machine	8 555.00			8 555.00	4 275.16	1 711.00		5 986.16	2 568.84
Council Chamber	Emergency Equipment	Ambulance Equipment	670.00			670.00	335.00	167.50		502.50	167.50
	Furniture and Fittings	Box	800.00			800.00	485.95	114.29		600.23	199.77
		Chair	1 683.00			1 683.00	841.17	240.43		1 081.60	601.40
		Zinc	1 300.00			1 300.00	649.75	185.71		835.46	464.54
	Office Equipment	Office Machine	380.00			380.00	189.90	76.00		265.90	114.10
Council Chambers	Furniture and Fittings	Chair	28 546.00			28 546.00	8 830.06	4 078.00		12 908.06	15 637.94
		Cupboard	899.00			899.00	363.47	128.43		491.90	407.10
		Desk	2 481.00			2 481.00	767.12	354.43		1 121.55	1 359.45
		Table	7 996.00			7 996.00	2 472.34	1 142.29		3 614.63	4 381.37
	Office Equipment	Communication Equipment	50 331.00			50 331.00	15 085.51	10 066.20		25 151.71	25 179.29
		Office Machine	7 426.83			7 426.83	2 226.01	1 485.37		3 711.38	3 715.45
Disaster Centre	Furniture and Fittings	Cupboard	3 368.00			3 368.00	1 041.38	481.14		1 522.52	1 845.48
	Office Equipment	Office Machine	1 261.35			1 261.35	378.06	252.27		630.33	631.02
	Vehicle	Passenger Vehicle	69 000.00			69 000.00	20 681.10	13 800.00		34 481.10	34 518.90
		Specialised Vehicle	1 500 000.00			1 500 000.00	457 534.25	125 000.00		582 534.25	917 465.75
Hall	Furniture and Fittings	Book Case	1 216.00			1 216.00	375.98	173.71		549.70	666.30
		Chair	414 570.00			414 570.00	204 269.83	59 133.30		263 403.13	151 166.87
		Kitchen Equipment	124 000.00			124 000.00	75 322.11	17 714.29		93 036.40	30 963.60
		Piano	6 000.00			6 000.00	2 425.83	857.14		3 282.97	2 717.03
		Table	599.00			599.00	185.21	85.57		270.78	328.22
	Office Equipment	Office Machine	374 159.00			374 159.00	298 463.60	37 631.80		336 095.40	38 063.60
Library	Furniture and Fittings	Book Case	44 637.00			44 637.00	19 907.39	6 376.71		26 284.11	18 352.89
		Cabinet	124 000.00			124 000.00	61 975.73	17 714.29		79 690.02	44 309.98
		Chair	3 557.00			3 557.00	1 379.63	508.14		1 887.77	1 669.23
		Desk	12 091.00			12 091.00	4 080.80	1 727.29		5 808.09	6 282.91
		Filing	350.00			350.00	141.51	50.00		191.51	158.49
		Stand	8 985.00			8 985.00	2 778.14	1 283.57		4 061.71	4 923.29
		Table	6 366.00			6 366.00	2 990.85	909.43		3 900.28	2 465.72
	Office Equipment	Computer Equipment	1 022 738.96			1 022 738.96	384 802.06	204 547.79		589 349.85	433 389.11
		Office Machine	497 421.00			497 421.00	322 677.34	74 684.20		397 361.54	100 059.46
	Plant and Equipment	Machinery	159 962.28			159 962.28	79 937.31	31 992.46		111 929.77	48 032.51
Library (Pink Building)	Furniture and Fittings	Board	399.00			399.00	199.42	57.00		256.42	142.58
		Book Case	24 584.00			24 584.00	7 961.75	3 512.00		11 473.75	13 110.25
		Chair	3 479.00			3 479.00	1 075.70	497.00		1 572.70	1 906.30
		Desk	3 599.00			3 599.00	1 112.80	514.14		1 626.95	1 972.05
		Filing	2 180.00			2 180.00	538.00	311.43		849.43	1 330.57
		Trolley	738.00			738.00	228.19	105.43		333.62	404.38
	Office Equipment	Computer Equipment	19 034.74			19 034.74	6 417.60	3 806.95		10 224.55	8 810.19
		Office Machine	42 161.50			42 161.50	12 636.90	8 432.30		21 069.20	21 092.30
Main Building	Emergency Equipment	Ambulance Equipment	3 350.00			3 350.00	1 786.05	803.64		2 589.70	760.30
	Furniture and Fittings	Bin	1 203.50			1 203.50	429.35	171.93		601.28	602.22
		Board	1 197.00			1 197.00	441.79	171.00		612.79	584.21
		Book Case	25 723.20			25 723.20	6 367.78	4 773.38		11 141.16	14 582.04
		Box	2 400.00			2 400.00	980.67	342.86		1 323.52	1 076.48
		Cabinet	50 530.00			50 530.00	20 235.11	7 218.57		27 453.68	23 076.32
		Chair	116 525.83	1 227.19		117 753.02	42 119.34	16 683.18		58 802.52	58 950.50
		Credenza	20 667.00			20 667.00	7 643.43	2 952.43		10 595.86	10 071.14
		Cupboard	65 583.00			65 583.00	23 483.45	9 369.00		32 852.45	32 730.55
		Desk	48 812.50			48 812.50	18 361.08	6 973.21		25 334.29	23 478.21
		Filing	142 618.96			142 618.96	46 319.85	20 374.14		66 693.99	75 924.97
		Hanger	600.00			600.00	185.52	85.71		271.23	328.77
		NA	33 315.00			33 315.00	9 531.61	4 759.29		14 290.90	19 024.10
		Pedestal	8 623.00			8 623.00	2 979.21	1 231.86		4 211.07	4 411.93
		Stand	23 700.00			23 700.00	8 971.23	3 385.71		12 356.95	11 343.05
		Storage	18 000.00			18 000.00	7 850.49	2 571.43		10 421.92	7 578.08
		Table	10 209.00			10 209.00	3 417.05	1 458.43		4 875.48	5 333.52
		Trolley	738.00			738.00	263.28	105.43		368.71	369.29
	Intangible Assets	Software	20 340.00			20 340.00	757.87	4 068.00		4 825.87	15 514.13
	Office Equipment	Telecommunication	358 502.02			358 502.02	208 029.39	71 700.40		279 729.80	78 772.23
	Office Equipment	Camera	2 192.11			2 192.11	1 103.86	438.42		1 542.28	649.83
		Communication Equipment	1 999.95			1 999.95	334.24	399.99		734.23	1 265.72
		Computer Equipment	508 848.76	9 915.00		518 763.76	283 803.52	103 972.89		387 776.41	130 987.35
		Office Machine	487 141.22	2 795.00		489 936.22	198 112.94	90 914.86		289 027.80	200 908.42
		Scanner	15 340.80			15 340.80	7 161.84	3 068.16		10 230.00	5 110.80
		Security Equipment	103 783.69			103 783.69	50 828.49	19 961.23		70 789.72	32 993.97

Appendix B - ANALYSIS OF MOVABLE PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013 (Continued)

Main Building	Office Equipment	Server	573 596.87			573 596.87	286 641.28	114 719.37		401 360.66	172 236.21
		Sound Equipment	1 800.00			1 800.00	840.33	360.00		1 200.33	599.67
	Plant and Equipment	Lawnmower	2 630.70			2 630.70	1 053.72	526.14		1 579.86	1 050.84
	Vehicle	Construction Vehicle	11 662.00			11 662.00	4 671.19	2 332.40		7 003.59	4 658.41
		Green Equipment	307 000.00			307 000.00	175 428.57	43 857.14		219 285.71	87 714.29
		LDV	43 245.58			43 245.58	20 923.75	8 649.12		29 572.87	13 672.71
		Motor Vehicles	188 429.83			188 429.83	60 622.04	26 918.55		87 540.59	100 889.24
		Truck	721 545.00			721 545.00	206 438.12	103 077.86		309 515.98	412 029.02
Main Office	Furniture and Fittings	Bin	129 090.63			129 090.63	63 590.28	18 441.52		82 031.80	47 058.83
		Board	2 394.00			2 394.00	844.85	342.00		1 186.85	1 207.15
		Book Case	2 535.00			2 535.00	1 541.18	362.14		1 903.32	631.68
		Box	4 800.00			4 800.00	2 656.44	685.71		3 342.15	1 457.85
		Cabinet	47 870.00			47 870.00	24 449.80	6 838.57		31 288.37	16 581.63
		Chair	81 558.26			81 558.26	33 438.46	11 652.45		45 090.91	36 467.35
		Credenza	132 917.50			132 917.50	65 228.20	18 988.21		84 216.41	48 701.09
		Cupboard	53 610.00			53 610.00	24 006.54	7 658.57		31 665.11	21 944.89
		Desk	201 874.50			201 874.50	88 076.81	28 839.21		116 916.02	84 958.48
		Filing	45 086.88			45 086.88	22 429.67	6 440.98		28 870.65	16 216.23
		Hanger	600.00			600.00	299.88	85.71		385.60	214.40
		Pedestal	7 825.49			7 825.49	2 576.96	1 117.93		3 694.89	4 130.60
		Stand	3 420.00			3 420.00	1 543.16	488.57		2 031.73	1 388.27
		Storage	12 000.00			12 000.00	6 643.44	1 714.29		8 357.73	3 642.27
		Table	22 815.00			22 815.00	10 964.81	3 259.29		14 224.09	8 590.91
		Trolley	369.00			369.00	224.14	52.71		276.86	92.14
	Office Equipment	Camera	-	24 166.50		24 166.50	-	1 469.85		1 469.85	22 696.65
		Computer Equipment	188 670.90	253 980.26		442 651.16	94 188.19	63 942.42		158 130.60	284 520.56
		Office Machine	141 141.90	38 434.70		179 576.60	81 812.86	25 199.45		107 012.32	72 564.28
	Plant and Equipment	Machinery	390 000.00			390 000.00	194 910.96	32 500.00		227 410.96	162 589.04
	Vehicle	Commercial Vehicle	455 000.00			455 000.00	214 232.09	65 000.00		279 232.09	175 767.91
		Passenger Vehicle	350 000.00	434 210.53		784 210.53	140 000.00	147 563.09		287 563.09	496 647.44
		Specialised Vehicle	1 342 185.87			1 342 185.87	919 965.28	93 742.30		1 013 707.58	328 478.29
Municipal Offices	Emergency Equipment	Ambulance Equipment	670.00			670.00	335.00	167.50		502.50	167.50
	Furniture and Fittings	Bin	1 122.22			1 122.22	346.99	160.32		507.30	614.92
		Bin	601.75			601.75	186.06	85.96		272.02	329.73
		Board	1 995.00			1 995.00	616.85	285.00		901.85	1 093.15
		Book Case	749.00			749.00	526.21	107.00		633.21	115.79
		Cabinet	38 639.00			38 639.00	13 140.69	5 519.86		18 660.55	19 978.45
		Chair	95 805.15			95 805.15	33 044.27	13 686.45		46 730.72	49 074.43
		Credenza	8 976.00			8 976.00	2 775.36	1 282.29		4 057.64	4 918.36
		Cupboard	107 925.37			107 925.37	32 732.19	15 417.91		48 150.10	59 775.27
		Desk	72 055.50			72 055.50	23 202.82	10 293.64		33 496.46	38 559.04
		Filing	4 895.92			4 895.92	1 513.81	699.42		2 213.22	2 682.70
		Pedestal	14 156.66			14 156.66	4 431.24	2 022.38		6 453.62	7 703.04
		Stand	1 227.00			1 227.00	133.51	175.29		308.79	918.21
		Storage	6 000.00			6 000.00	4 215.26	857.14		5 072.41	927.59
		Table	15 722.00			15 722.00	5 010.47	2 246.00		7 256.47	8 465.53
	Office Equipment	Computer Equipment	139 822.80	39 660.00		179 482.80	69 983.41	33 290.61		103 274.01	76 208.79
		Office Machine	92 232.72	2 795.00		95 027.72	32 079.56	18 737.48		50 817.04	44 210.68
	Plant and Equipment	Machinery	53 368.00			53 368.00	15 995.78	5 336.80		21 332.58	32 035.42
	Vehicle	Commercial Vehicle	150 000.00			150 000.00	46 379.65	21 428.57		67 808.22	82 191.78
		Passenger Vehicle	393 000.00			393 000.00	117 792.33	78 600.00		196 392.33	196 607.67
		Specialised Vehicle	654 022.35			654 022.35	302 238.11	54 501.86		356 739.97	297 282.38
New Hall	Furniture and Fittings	Chair	7 722.00			7 722.00	2 387.62	1 103.14		3 490.77	4 231.23
Pay Point	Furniture and Fittings	Chair	785.00			785.00	392.35	112.14		504.49	280.51
		Desk	4 133.00			4 133.00	1 277.91	590.43		1 868.34	2 264.66
		Filing	440.00			440.00	136.05	62.86		198.90	241.10
		Table	369.00			369.00	149.19	52.71		201.90	167.10
	Office Equipment	Computer Equipment	16 356.60	8 310.00		24 666.60	7 193.16	4 800.17		11 993.32	12 673.28
		Office Machine	3 149.00	7 099.00		10 248.00	1 259.60	1 162.71		2 422.31	7 825.69
Sewer Plant	Furniture and Fittings	Chair	198.00			198.00	61.22	28.29		89.51	108.49
		Cupboard	5 899.00			5 899.00	2 948.35	842.71		3 791.06	2 107.94
		Filing	2 380.00			2 380.00	962.25	340.00		1 302.25	1 077.75
	Office Equipment	Office Machine	4 130.00			4 130.00	2 177.18	826.00		3 003.18	1 126.82
Sewerage and Plant	Furniture and Fittings	Cabinet	2 510.00			2 510.00	1 254.51	358.57		1 613.08	896.92
		Chair	1 748.00			1 748.00	873.66	249.71		1 123.37	624.63
		Desk	8 266.00			8 266.00	4 131.38	1 180.86		5 312.24	2 953.76
	Office Equipment	Office Machine	1 189.00			1 189.00	713.40	237.80		951.20	237.80
	Vehicle	Specialised Vehicle	390 000.00			390 000.00	235 602.74	32 500.00		268 102.74	121 897.26
Testing Station	Furniture and Fittings	Chair	5 220.00			5 220.00	2 745.38	745.71		3 491.10	1 728.90
		Cupboard	4 967.00			4 967.00	1 535.78	709.57		2 245.36	2 721.64
		Desk	12 399.00			12 399.00	3 833.74	1 771.29		5 605.03	6 793.97
		Pedestal	2 091.00			2 091.00	646.53	298.71		945.25	1 145.75
		Table	1 999.00			1 999.00	1 214.27	285.57		1 499.84	499.16
	Office Equipment	Computer Equipment	11 653.30			11 653.30	2 540.22	2 542.04		5 082.26	6 571.04
		Office Machine	30 031.00			30 031.00	9 001.07	6 006.20		15 007.27	15 023.73
	Plant and Equipment	Machinery	143 431.95			143 431.95	42 990.29	28 686.39		71 676.68	71 755.27
Water Purfication Plant	Furniture and Fittings	Chair	297.00			297.00	148.44	42.43		190.87	106.13
	Office Equipment	Office Machine	2 159.00			2 159.00	1 295.40	431.80		1 727.20	431.80
	Plant and Equipment	Machinery	4 900.00			4 900.00	1 960.00	980.00		2 940.00	1 960.00
Workshop	Emergency Equipment	Ambulance Equipment	124 000.00			124 000.00	113 638.36	3 657.64		117 296.00	6 704.00
	Furniture and Fittings	Book Case	2 400.00			2 400.00	1 686.11	342.86		2 028.96	371.04
		Chair	3 460.00			3 460.00	1 749.18	494.29		2 243.47	1 216.53
		Cupboard	1 649.00			1 649.00	666.70	235.57		902.27	746.73
		Desk	4 133.00			4 133.00	2 510.53	590.43		3 100.96	1 032.04
	Office Equipment	Communication Equipment	2 178.00			2 178.00	1 306.80	435.60		1 742.40	435.60
	Plant and Equipment	Machinery	214 430.60			214 430.60	175 744.86	14 577.11		190 321.97	24 108.63
	Vehicle	Commercial Vehicle	1 683 000.00			1 683 000.00	1 472 663.80	85 829.98		1 558 493.78	124 506.22
		Passenger Vehicle	603 000.00			603 000.00	392 954.52	86 867.76		479 822.28	123 177.72
		Specialised Vehicle	2 670 486.96			2 670 486.96	1 562 209.28	196 359.98		1 758 569.26	911 917.70
			20 004 035.18	**822 593.18**	**56.00**	**20 826 628.36**	**10 496 366.48**	**2 597 561.92**	**-**	**13 093 928.40**	**7 732 699.96**